Message Text

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ERDA WASHDC
ERDA HQ GERMANTOWN

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T FOR SCHEINMAN

E.O. 11652: GDS

TAGS: PINT TECH NL BR GW

SUBJECT: BRITISH CONTINGENCY PLANNING ON URENCO IMPASSE OVER BRAZIL

1. IN DISCUSSING THE URENCO IMPASSE OVER THE SALE OF ENRICHED URANIUM TO BRAZIL. WILMSHURST (FCO ENERGY)
OBSERVED THE DUTCH WERE STILL BEING
DIFFICULT BUT THE OBJECTIVE REMAINS TO WORK OUT AN AGREED URENCO POLICY GOVERNING NUCLEAR EXPORTS IN GENERAL. HE ACKNOWLEDGED, HOWEVER, THAT THE UK WAS DOING SOME ROUGH CONTINGENCY THINKING IN THE EVENT THE DUTCH RECALCITRANCE ON THE BRAZILIAN CONTRACT CONTINUED. WILMSHURST SAID IF THE DUTCH WITHDRAW FROM URENCO, THIS WOULD MEAN A COMPLICATED REARRANGEMENT BETWEEN THE BRITISH AND GERMANS. HE DID NOT SPELL OUT THE DETAILS BUT IMPLIED THE UK WOULD BE WILLING TO PROCEED WITHOUT THE CONFIDENTIAL

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DUTCH.

2. WILMSHURST NOTED THAT UNDER EXISTING RULES, HOWEVER, ALL THREE PARTNERS MUST AGREE ON THE SALE OF ENRICHED URANIUM TO A FOURTH COUNTRY--EVEN IF ONE PARTNER IS NOT A PARTY TO A PARTICULAR SALES CONTRACT. HE SAID THERE WERE THREE POSSIBLE APPROACHES IN THIS SITUATION. FIRST,

THE DUTCH MIGHT APPROVE THE BRAZILIAN SALE BY THE UK AND FRG WITH THE GERMAN SHARE OF THE NUCLEAR MATERIAL COMING FROM THE ALMELO PLANT LOCATED IN THE NETHERLANDS. HE DISMISSED THE CHANCES OF THE DUTCH GIVING SUCH APPROVAL SINCE THIS SO OBVIOUSLY WOULD DEFEAT THEIR OWN PURPOSES. SECOND, ALL THE MATERIAL COULD COME FROM THE UK PLANT AT CAPENHURST. THIS WOULD STILL REQUIRE AFFIRMATIVE DUTCH APPROVAL (BUT SEEMS MORE WITHIN THE REALM OF POSSIBILITY). THIRD, THAT PART OF THE ALMELO TREATY REQUIRING UNANIMOUS CONSENT COULD BE PUT IN SUSPENSE AND THE SALE COULD BE APPROVED, THE GERMANS COULD CON-STRUCT A CENTRIFUGE PLANT LOCATED IN GERMANY AND THE NUCLEAR MATERIAL COULD BE DELIVERED TO BRAZIL WHEN NEEDED IN THE EARLY L980S AFTER THE ALMELO TREATY EX-PIRED. WILMSHURST VOLUNTEERED THAT THIS ALTERNATIVE ALSO WOULD BE DIFFICULT FOR ALL THREE PARTNERS TO AGREE ON.

- 3. WILMSHURST SAID FONSEC OWEN IS PLANNING TO SEND A MESSAGE TO GERMAN FONMIN GENSCHER BUT WOULD DELAY UNTIL FCO WAS BRIEFED ON DEPUTY SECRETARY CHRISTOPHER'S TALKS IN BONN AND GENSHER'S TALKS IN WASHINGTON THIS WEEK SO THAT THESE COULD BE TAKEN INTO ACCOUNT.
- 4. WE WOULD APPRECIATE SOONEST INFORMATION WHICH SECRETARY VANCE TOLD FOREIGN SECRETARY OWEN DURING MARCH 10 MEETING HE WOULD AUTHORIZE US TO PASS ON. SPIERS

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